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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORP COMMISSION
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MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

DOCKETED BY

CM

IN THE MATTER OF:

DOCKET NO. S-03464A-03-0000

MUTUAL BENEFITS CORPORATION,

Respondents.

FOURTH
PROCEDURAL ORDER

BY THE COMMISSION:

On June April 30, 2003, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Mutual Benefits Corporation ("MBC" or "Respondent"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of life and viatical settlements ("viaticals") and/or investment contracts.

The Respondent was duly served with a copy of the Notice.

On May 13, 2003, a request for hearing was filed for MBC.

On May 15, 2003, by Procedural Order, a pre-hearing conference was scheduled.

On May 28, 2003, Respondent filed a Motion to Dismiss, or in the Alternative, Motion for More Definite Statement ("Motion to Dismiss or More Definite Statement").

On June 4, 2003, Respondent filed a Motion to Quash Subpoena ("Motion to Quash") of third party, Ms. Debbie Bugliera. The subpoena issued to Ms. Bugliera was issued on May 6, 2003 after the Notice herein was issued. The subpoena references this proceeding on its face and a copy was not served on the Respondent. Subsequently, Ms. Bugliera did not appear in response to the Division's subpoena to give testimony under oath and Respondent filed the Motion to Quash herein.

On June 5, 2003, the Division and the Respondent appeared by counsel to address issues raised in the proceeding. The parties agreed that a second pre-hearing conference should be scheduled in early August, 2003 after some initial discovery had taken place in order that a hearing could be scheduled once the approximate number of witnesses was determined and whether certain

1 matters could be resolved by stipulation. By Procedural Order, a pre-hearing conference was
2 scheduled on August 5, 2003.

3 On June 9, 2003, the Division filed its Response to the Motion to Dismiss or More Definite
4 Statement.

5 On June 17, 2003, the Division filed its Response in opposition to the Respondent's Motion to
6 Quash. While presenting a number of legal arguments against the Motion to Quash, the Division
7 acknowledged that "Pre-hearing discovery in agency proceedings is a matter of agency discretion."

8 On June 20, 2003, Respondent filed its Reply to the Division's Response to the Motion to
9 Dismiss or More Definite Statement.

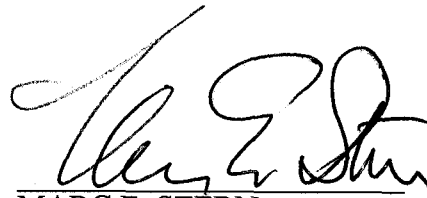
10 On June 24, 2003, the Respondent filed its Reply to the Division's Response essentially
11 restating its earlier arguments that the Arizona Rules of Civil Procedure ("ARCP") should apply as
12 stated by Commission rule, A.A.C. R14-3-109(P).

13 On June 27, 2003, by Procedural Order, the Motion to Quash was not granted, but
14 Respondent's counsel was granted an opportunity to participate as set forth in the ARCP if the
15 subpoena is reinstated.

16 Under the circumstances, the Respondent's Motion to Dismiss should be taken under
17 advisement. With respect to Respondent's Motion for More Definite Statement, it should be denied
18 because Respondent is sufficiently placed on notice of the various allegations concerning fraud as
19 alleged in the Notice.

20 IT IS THEREFORE ORDERED that the Motion to Dismiss is taken under advisement; the
21 Motion for More Definite Statement is denied.

22 DATED this 3rd day of July, 2003.

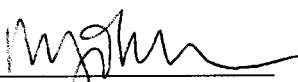
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26 MARC E. STERN
ADMINISTRATIVE LAW JUDGE
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1 Copies of the foregoing mailed/delivered
this 3rd day of July, 2003 to:

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14 By:


15 Molly Johnson
16 Secretary to Marc E. Stern
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